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House of Representatives
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Press Release

BISHOP, HOLT INTRODUCE BILL TO RESTORE PELL GRANT ELIGIBILITY

Nearly 90,000 Students to Lose Grants, More than 1 Million Students will see Aid Cuts

Washington, DC— Congressmen Tim Bishop (D-NY) and Rush Holt (D-NJ) have introduced legislation to protect students from a harmful rule enacted by the Bush Administration that is expected to disqualify nearly 90,000 students around the country for Pell Grants, and will cut aid for more than a million additional students. The Administration implemented the harmful rule two days before Christmas, as College students were on recess and many high school seniors and their families were awaiting college acceptance letters. The Bishop-Holt legislation will restore funding to students who would be deprived of much-needed federal assistance by the new rule. Bishop and Holt serve on the House Education and the Workforce Committee, and are committed to making college more affordable for working families.

The new federal rule will change the way the needs analysis system deducts taxes families pay, giving the appearance that families have more money available to pay for tuition, thereby reducing their eligibility for federal aid. Current tax law allows families to deduct state and local taxes when calculating how much income they have available to pay tuition. The Bishop-Holt 'Restoring College Access for all Americans Act' will take the bite out of this harmful rule change, and make sure that federal aid is not denied to students who would otherwise be eligible.

"This new policy fails the test of providing opportunity to our students," said Bishop, a former Provost at Southampton College, who earlier in his career served as the school's Director of Financial Aid. "At a time when college costs are rising, it is outrageous that we would make it harder for students from working families to make educational ends meet."

"For thousands of American students, this federal rule change will make dreams of a college education just that— a dream," said Holt, a former physics professor at Princeton University. "Education is the key to a brighter future, and denying our students this opportunity is unconscionable."

Joining the effort as an original cosponsor is Congressman George Miller (D-CA), the senior Democrat on the House Education and the Workforce Committee, and a national leader in increasing access to higher education.

"With this bill, we are trying to prevent Republicans from raising the price of college. Tuition is already far too high for most families. Congress should be trying to make college more affordable, not more expensive," Miller said.

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This change of eligibility comes as the purchasing power of Pell Grants is declining. Today, the \$4,050 maximum Pell Grant covers only 17 percent of private college costs and 42 percent at a public college. This has been one factor in escalating student debt. The average four-year college graduate accumulates over \$16,000 in debt, with monthly payments of almost \$200.

According to recent Internal Revenue Service statistics, 90,000 college students may no longer qualify for the program, and aid will shrink by \$100-\$300 for an additional 1.3 million students. In total, this would result in a \$300 million cut for students from low and middle-income families.

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